

United States Senate

WASHINGTON, DC 20510

January 30, 2006

The Honorable Mike Johanns
Secretary of Agriculture
200-A Jamie L. Whitten Building
Washington, DC 20250

Dear Mr. Secretary:

Last week, the government of Australia launched an official inquiry into whether AWB Ltd., Australia's wheat state trading monopoly, paid kickbacks to Iraqi officials or engaged in other illicit behavior while participating in the United Nations Iraq Oil for Food program. This inquiry, headed by Terrence Cole, a respected retired Australian judge, was prompted by the Volcker report to the United Nations, which disclosed last October that AWB was responsible for making bogus payments for inland transport totaling more than \$220 million which ended up in the pockets of Saddam Hussein and his associates rather than providing food to the Iraqi people. Mr. Cole's inquiry has been charged with determining whether these payments constituted bribery or were otherwise made knowingly in violation of Australian law. Recent reports suggest that illicit payments from AWB to Iraqi interests may have continued even after the Saddam Hussein regime was overthrown.

There are indications that responsibility for these payments extends beyond AWB Ltd. and its officials, employees and agents. Witnesses appearing before the Cole inquiry have testified that senior Australian government officials may have agreed to, or at the least had advance knowledge of, these questionable payments. In fact, prior to 1999, when it became a grower-owned and controlled company, the AWB was a quasi-governmental entity with direct participation in its management by Australian government officials. And since the Oil for Food Program began some four years prior to the 1999 restructuring of the AWB, government officials were certainly actively engaged in its management for at least part of the time during which AWB was selling wheat to Iraq. Obviously, our government should press both the United Nations and the Australian government to hold responsible anyone – whether in the AWB, the Australian government or elsewhere – involved in violations of the law or failure to abide by the rules under which the Oil for Food program was supposed to operate.

In the immediate aftermath of the release of the Volcker report, it is our understanding that USDA acted to suspend AWB USA Ltd., the American affiliate of AWB, from participation in one of USDA's GSM export credit programs, but restored the eligibility of AWB USA Ltd. six days later after receiving assurances that the government of Australia was investigating the matter. In the light of recent developments, we urge you to reinstate the suspension of AWB USA Ltd. from the GSM export credit program until crucial questions in this matter can be fully addressed. First, given the evidence that some Australian government officials may have agreed to or had knowledge in advance of the illicit payments, is the Cole inquiry sufficiently independent of the current government of Australia to be entrusted to investigate the matter – as our government essentially has done? Second, has AWB USA

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Ltd. utilized the supplier credit program to create problems for its U.S. competitors in key markets, as has been suggested by U.S. Wheat Associates? Third, even apart from questions arising from the Iraq Oil for Food Program, is it appropriate for a company run by and for the benefit of Australian farmers to participate in a USDA program intended to facilitate export sales by American farmers and agricultural businesses?

Thank you for your attention to these concerns. We look forward to working with you to resolve the important questions that still remain open in this matter. Please contact Stephanie Mercier (224-0014) on the Agriculture Committee staff if you have questions regarding this letter.

Sincerely yours,

Tom Harkin
Ken Salazar
Mark Udall
Ed Johnson

Patty Murray
Max Baucus
Byron Dorgan
